



STATE OF CALIFORNIA
FRANCHISE TAX BOARD
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STEVE WESTLY
Chair

JOHN CHIANG
Member

MICHAEL C. GENEST
Member

March 23, 2006
Information Letter: 2006-0004

Your letter of *****, has been referred to me for response. As a matter of policy, the Franchise Tax Board provides Chief Counsel Rulings under limited circumstances. The attached FTB Notice 89-277 describes the Franchise Tax Board's ruling policy. Among other requirements, Requests for Chief Counsel Rulings must be concerned with and identify the specific taxpayer. Your request was made on behalf of *****, not the taxpayers themselves. As such, a ruling will not be issued. Nonetheless, the following is being provided to assist you in reaching a determination. This letter is for informational purposes only and may not be considered "written advice from the Board" within the meaning of California Revenue and Taxation Code section 21012.

You have requested the following rulings:

1. The ***** Government's consular officers and consular employees who are solely ***** citizens are not subject to California income tax on the wages received for their consular employment.
2. The ***** Government's consular officers and consular employees who are dual citizens of both the United States and ***** are not subject to the California income tax on the wages received for their consular employment.
3. The ***** Government's consular officers and consular employees who are not citizens of the United States are not subject to the California income tax on the wages received for their consular employment.

As stated in your letter, the ***** Government maintains two consular posts in the State of California: one in Los Angeles and one in San Francisco. It employs approximately 30 people in the San Francisco consulate and 40 people in the Los Angeles consulate at any point in time. Some of the ***** Government's employees are United States citizens, some are dual citizens of both the United States and *****, and some are non-U.S. ***** citizens who are present in the United States pursuant to visas or as permanent residents with green cards.

The 19xx ***** Convention between the United States and ***** controls, among other things, the taxation of the wages paid to consular officers and consular employees working in

their country's consulates located in the other country. Article *** of the Convention expressly covers state income taxes as well as federal income taxes:

[Text of convention and citation omitted.]

Therefore, pursuant to the Convention, citizenship will determine which ***** consular officers and consular employees working in California would be exempt from state income taxes on his or her compensation from consular employment.

1. Consular officers and employees who are *solely* ***** *citizens* would not be taxable by the State of California on income received as compensation for consular employment or services;
2. Consular officers and consular employees who are *dual citizens of both the United States and* ***** would not be taxable by the State of California on income received as compensation for consular employment or services; and
3. Consular officers and consular employees who are *not citizens of the United States* would not be taxable by the State of California on income received as compensation for consular employment or services.

If you have any questions or concerns, please contact me at the above number.

Sincerely,

Natasha Sherwood Page
Tax Counsel III